New Hampshire Retirement System

THREE YEAR STRATEGIC PLAN

Plan Years 2005-2008

Quarter Ending 6/30/06

New Hampshire Retirement System
Strategic Plan July 2005 -2008

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New Hampshire Retirement System (NHRS)

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Mission Statement

The New Hampshire Retirement System's mission is
to provide comprehensive pension plan services
for the benefit of its members and employers.

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NHRS has two core businesses:
- ➤ Provide member retirement services.
- ➤ Invest retirement funds.

NHRS has three broad goals surrounding its core businesses:
- ➤ Build a foundation to support measurable improvement in member and employer services.
- ➤ Develop and implement best practices, policies, procedures and standards in investment, financial reporting, administration, operations and plan governance.
- ➤ Build a learning organization.

Dear Trustees,

We are pleased to present the Board of Trustees with a draft of the New Hampshire Retirement System (NHRS) Three-Year Strategic Plan for Plan Years 2005-2008.

As our NHRS team prepares for the challenges of a growing retirement-eligible population, rising demand for pension plan information, and increasing trust fund assets and complexity, we must collaboratively seek new ways to realistically and successfully accomplish organizational goals and objectives. In order to achieve our goals, it will require streamlining business processes, revising and improving workflow, strengthening internal controls, and building a solid foundation on which to improve services to our members and more effectively meet our statutory obligations and fiduciary responsibilities. Delegating responsibilities prudently and establishing appropriate monitoring processes will help to ensure that we can meet these challenges.

The focus of the NHRS team approach to the Strategic Plan has been to develop SMART goals (specific, measurable, achievable, relevant, time-oriented goals), which integrate various functional areas of NHRS into more cohesive operations. All NHRS staff members have actively participated in the strategic planning process (please refer to Addendum 3). Their technical experience, knowledge, perspective and input have been instrumental in developing a learning organization based on realistic goal-setting. The role of management has been to serve as team leaders, who have facilitated the development of the strategic plan by providing guidance and direction, establishing structure and timeframes, and coordinating team-driven work sessions which have shaped the plan.

The Strategic Plan is a "living document"; it is a work in progress involving all staff members in revisiting goals and responsibilities with a focus on effective strategy and planning. The Strategic Plan establishes a formalized communication process among all levels of staff and includes not only team operational goals and objectives, but also individual performance plans to help us achieve NHRS' vision.

The NHRS team is eager to move forward with strategic priorities that promote a progressive work environment encompassing a strong team ethic, collaborative problem-solving and a mission-driven philosophy.

Respectfully submitted,

Robert Leggett
Executive Director

Investments

The Investments staff is responsible for the administration of a broadly diversified investment portfolio consisting of domestic and international equity and fixed income as well as alternative investments and commercial real estate. The investment program objective is to consistently achieve above-average total fund return at a moderate level of risk. This is accomplished by implementing best investment and corporate governance practices, consistent with Board of Trustees policies and industry standards.

Investment Management and Monitoring

Investment Management and Monitoring are key functions performed by the staff. This involves managing asset allocation; coordinating the administration of investment portfolios; monitoring risk and performance; ensuring portfolio compliance with the investment and proxy voting guidelines; facilitating manager searches; performing asset transfers; and achieving reporting standards.

Fund and Actuarial Administration

The focus of Fund and Actuarial Administration is to pursue disciplined actuarial policies, procedures and practices to maintain and further improve the funding ratio of the plan. This important objective is achieved by conducting biennial actuarial valuations, experience studies, periodic reviews of asset liability management, and by monitoring plan funding progress.

Investment Management and Monitoring
Plan Year 2005-2006

Objective	Partners	Project Status
Evaluate and monitor risk in the investment program by implementing the GASB 40 risk metrics and by implementing automated compliance alert system	Pension Fund Accounting, Audit/Compliance	Compliance alert system implemented Q3'05 GASB 40 disclosures finalized in CAFR Q4'05
Institute RFP process for all investment-related service providers, as appropriate	Legal Services, Audit/Compliance	RFP process performed Q4'05 for general pension consulting services
Evaluate and recommend Total Fund strategic asset allocation, portfolio structure, strategic asset mix of alternative investment program investments, and an appropriate benchmark to measure risk/return for alternative asset class. The re-designed asset allocation will be targeted to achieve assumed rate of return, based on the Asset Liability Modeling (ALM) study	Executive Director	Completed Asset Liability Modeling (ALM) study Q2'06 Initiated review of investment program in Q2'06 based on consultant post-ALM recommendations
Analyze and recommend comprehensive strategy for commercial real estate program, and recommend an optimal strategic asset mix of Core and Non-Core asset allocation to achieve targeted risk/return for this asset class	Executive Director	Completed Asset Liability Modeling (ALM) study Q2'06 Commercial real estate structure to be revisited in FY 2007 based on ALM results
Review and revise, as necessary, policies, guidelines and procedures: Investment guidelines updated to reflect revised allocation policy targets and termination of the directed commission recapture program Proxy voting guidelines revised for 2006 proxy voting season	Audit/Compliance, Executive Director	 Completed Completed
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress/ongoing
Review, streamline and document work processes and procedures		In progress/ongoing
Streamline investment management and monitoring processes, and staff roles and responsibilities while eliminating non-value added work with an objective to efficiently execute the Board action items	HR	In progress/ongoing

Investment Management and Monitoring
Plan Year 2006-2007

Objective	Partners	Project Status
Complete the implementation of Plan Year 2005 - 2006 strategic goals		
Complete the implementation of ALM recommendations		
Actively pursue opportunities to reduce investment management fees and other service provider expenses over the next two years at or below the median of the peer group of data base		To initiate Q3'06 based on Asset Liability Modeling study & consultant recommendations
Establish appropriate risk/return benchmark for measuring performance for the security lending program and evaluate opportunities for increasing income	Executive Director	
Institute appropriate best investment practices for manager search, utilizing the RFP process, and for conducting annual review of proxy voting guidelines, service provider contracts for competitiveness, and for review of investment and internal control risk exposure in accordance with the COSO/GARP Standards	Legal Services, Audit/Compliance	

Investment Management and Monitoring
Plan Year 2007-2008

Objective	Partners	Project Status
Complete the implementation of Plan Year 2006 - 2007 strategic goals		
Establish access to the online capital market database platform for conducting manager searches, portfolio pricing, portfolio transition, and for exploring the feasibility of internal investing		
Ascertain performance, opportunity cost for the security litigation activities and program, and recommend establishing a security litigation policy for Board approval and adoption	Executive Director, Legal Services	

Fund and Actuarial Administration
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures		In progress/ongoing
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress/ongoing
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	In progress/ongoing
Evaluate and recommend changes to the actuarial practices based on the Fiscal Year 2005 Actuarial Valuation and Experience Study to achieve stable contribution rate environment, maintain and enhance plan funding ratio, appropriate member interest rate, and solvency of the Post-Retirement Medical Plan. The following items have been initiated: • Actuarial assumed rate of return reduced from 9% to 8.5% effective 7/1/07 • Review of member interest rate on refunds and annuities • Annuity option factors adjusted in alignment with the change in the actuarial assumed rate of return and other actuarial factors	Executive Director	 Completed Q4'05 Completed Q1'06 Completed Q2'06
Analyze the implications of HB 181 and develop alternatives for funding COLAs while maintaining the plan funding ratios	Executive Director, Member Services	In progress/ongoing
Implement GASB Statement No. 43 and 45 related to the disclosure of funding status of Post-Retirement Medical Subsidy based on entry age normal method	Executive Director	In progress
Issue a request for proposal (RFP) for actuarial services	Executive Director, Legal Services	Issued Q2'06

Fund and Actuarial Administration
Plan Year 2006-2007

Objective	Partners	Project Status
Complete the implementation of Plan Year 2005 - 2006 strategic goals		
Conduct FY 2007 biennial valuation and evaluate plan funding status	Executive Director	

Fund and Actuarial Administration
Plan Year 2007-2008

Objective	Partners	Project Status
Complete the implementation of Plan Year 2005 - 2006 strategic goals		

Member Services

Member Services, comprised of the Benefits Team and Annuity Team, supports members' service needs by providing individual benefit information and counseling to members; tracking and verifying salary, contribution and service credit data; processing refunds and service credit purchases; certifying benefits; and issuing monthly annuity payments. To effectively deliver excellent member services, Member Services must monitor and increase baseline knowledge of federal and state legislative mandates covering a wide range of pension-related topics and tax-related matters.

Annuity

Annuity administers post-retirement benefits, which includes issuing monthly annuity benefits and cost of living allowances; managing the 401(h) medical subsidy; coordinating healthcare benefits with employers; implementing direct deposits; applying federal income tax regulations; and auditing retiree records to ensure that benefits meet state and federal compliance.

Member Benefits

Member Benefits (which includes Member Accounting, Enrollment and Record Retention) provides pre-retirement counseling and benefit estimates; processes retirement applications, disability claims and death benefits; manages prior service credit purchases; calculates and certifies benefit amounts; administers additional annuities; and audits member records and benefits to ensure state and federal statutory compliance.

Annuity
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures	Member Benefit, PIO, IT	Accomplished Insurance,Ongoing
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress,ongoing
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	In Progress
Initiate development of accepted quality standards and response times for member contact based on data gathered from an effective measurement tool and member feedback	Member Benefits, PIO	In progress
Develop and publish a post-retirement handbook	PIO	To initiate Q4 –'07
Achieve 85% annuitant participation in direct deposit		In progress, ongoing
Pursue implementation of issuance of annuity advisory notices and checks directly to members from the vendor		In progress
Complete development of gainful occupation/PG software functionality	IT	In Progress, ongoing
Participate in planning for comprehensive contact center	Bus. & Accounting, Member Benefits,PIO	In progress, ongoing
Participate in wide-ranging employer collaboration initiatives	Member Benefits,PIO	In progress, ongoing
Complete implementation of letter functionality in PG	IT	In progress
Complete implementation of Local Government Center (LGC) modification for dependent information — LGC was formerly the NH Municipal Association (NHMA)	IT	In progress, ongoing
Plan for 7.5% increase in annuitants (from 19,000 to 20,550)		Accomplished
Prepare for 7.5% increase in retirees' medical insurance payments		Accomplished
Upgrade annuity payroll record retention using best available technology	IT	Accomplished
Develop plan to expand hours of operation	Bus. & Accounting, Member Benefit, PIO	Pilot in Progress
Resolve outstanding PIRS/SIRS	IT	In progress
Annual recertification for medical subsidy	PIO/legal	In progress, Ongoing
W-4P annual re-notification and response team		Accomplished for plan year
1099 response team		Accomplished for plan year
State NH health care administration transition		In progress

Annuity
Plan Year 2006-2007

Objective	Partners	Project Status
Implement recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact	Member Benefits, PIO	
Explore assumption of gainful occupation responsibilities (training)		
Achieve 90% annuitant participation in direct deposit		
Implement call center plan	Bus. & Accounting, Member Benefits,PIO	
Implement employer/annuity initiatives (re: medical insurance)		
Plan for 8.5% increase in annuitants (from 20,550 to 22,300)		
Prepare for 8.5% increase in retiree's medical insurance payments. (18,275 to 19,830)		

Annuity
Plan Year 2007-2008

Objective	Partners	Project Status
Implement recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact		
Achieve 95% annuitant participation in direct deposit		
Plan for 10.6% increase in annuitants (from 22,300 to 24,670)		
Prepare for 10.6% increase in retiree's medical insurance payments (19,830 to 21,932)		
Assume gainful occupation responsibilities		
Participate in assessment and refinement of call center operations	Bus. & Accounting, Member Benefits,PIO	

Member Benefits
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures - Operational	Annuity, PIO, IT	In progress, ongoing
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress, ongoing
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	In progress
Initiate development of accepted quality standards and response times for member contact based on data gathered from an effective measurement tool and member feedback	Annuity, PIO	In progress
Prepare for counseling/benefit processing to meet needs of increased retirement-eligible population, projected to double within two years	Annuity, PIO	Accomplished for plan year
Initiate 415(c) compliance audit	IT, Legal Services	In progress w/ Legal
Participate in planning for comprehensive contact center	Annuity, Bus. & Accounting, PIO	In progress, Ongoing
Test member web access	IT, PIO	Defer to '07
Identify and develop process for large-scale data cleansing	IT	In progress, ongoing
Assist with redesign of member statements	IT, PIO	Accomplished 12/23/05
Develop a report to identify and notify retirement eligibility/vested deferred members	IT	Accomplished notification, 3 years
Develop a plan to refund contributions to 2-year inactive members		Accomplished
Resolve outstanding PIRS/SIRS, complete reports and correspondence functionality	IT	In progress, Ongoing
Develop plan to expand hours of operation	Annuity, Bus. & Accounting, PIO	Pilot in Progress
Implement additional contributions calculations functionality in PG	IT	In progress
Integrate information currently stored in stand-alone databases	IT	In progress

Member Benefits
Plan Year 2006-2007

Objective	Partners	Project Status
Implement recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact	Annuity, PIO	
Implement call center	Annuity, Bus. & Accounting, PIO	
Continue data cleansing		
Plan for and address June '08 retirement activity		
Identify and notify members eligible to pre-select a survivorship option	.	
Refund contributions to 2-year inactive members		
Explore imaging options	IT	

Member Benefits
Plan Year 2007-2008

Objective	Partners	Project Status
Implement recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact	Annuity, PIO	
Participate in assessment and refinement of call center operations	Annuity, Bus. & Accounting, PIO	
Continue data cleansing		
Implement imaging		
Assess archival records retention		
Process 2008 retirements		

Business & Financial Reporting

Business & Accounting ensures that the organization's operational functionality is efficiently maintained by overseeing building administration, budget and procurement, pension fund accounting, financial reporting and employer reporting services.

Building Administration, Budget and Procurement

Building Administration, Budget and Procurement comprise many of the daily core business functions of NHRS. One of its primary objectives is to ensure that NHRS staff and the membership it serves are provided a secure, "user friendly" environment to operate in. Additionally, overseeing the processes for budgeting and procurement, including the training of NHRS staff in these processes, ensures that the necessary resources will be available to adequately maintain NHRS operations.

Employer Reporting Services (ERS)

ERS oversees all employer reporting functions including the processing of monthly wages and contribution reports, recording of payments accompanying the reports, and employer reporting oversight. ERS assists with employer education and training.

Pension Fund Accounting & Financial Reporting

Pension Fund Accounting & Financial Reporting provides information regarding the financial condition of NHRS to external entities via its publication of the NHRS Comprehensive Annual Financial Report (CAFR). The team also oversees the daily financial operations and accounting systems that compile the information necessary to produce the CAFR and to inform the Board Trustees on the financial condition of NHRS.

Business Administration, Budget & Procurement
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures		In Progress
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	To initiate
Initiate a plan for alternative office space accommodations to address "overcrowding" at 4 Chenell Drive		Accomplished 12/05
Identify alternatives for use of 4 Chenell Drive if vacated		Accomplished 9/05
Develop and implement a Business Continuity Plan to ensure operational efficiency in the event of an emergency/disaster		In progress
Evaluate the facilities maintenance contract to ensure internal and external maintenance concerns are kept current		Defer to FY 2007
Identify resources necessary to implement/maintain an internal accounting/budgeting system to establish autonomy from state accounting systems		In progress
Develop an internal plan to monitor the agency budget and train management and staff in budget preparation and the monitoring process		Defer to FY 2007
Adopt and implement purchasing guidelines subsequent to gaining purchasing autonomy	Legal Services	In progress/ongoing
Develop process for management and staff to effectuate efficient and timely reporting to Board of Trustees and the Audit Committee of the Board	Audit/Compliance	To initiate
Develop and implement a comprehensive risk management program which ensures appropriate level of internal control	Audit/Compliance, Legal Services	Defer to 7/08

Business Administration, Budget & Procurement
Plan Year 2006-2007

Objective	Partners	Project Status
Monitor and revise, as necessary, the Business Continuity Plan to ensure operational efficiency in the event of an emergency/disaster		
Evaluate and make recommendations to revise the role and responsibilities of the Safety Committee		
Evaluate and make recommendations for a building security plan to ensure the safety of employees and the public		
Continue to evaluate the facilities maintenance contract to ensure internal and external maintenance concerns are kept current		
Review and revise, as necessary, the internal plan for monitoring the agency budget		
Review and revise, as necessary, payroll and purchasing guidelines	Legal Services	
Establish a payroll and payables process	HR, IT	
Review and revise, as necessary, the process for management and staff to effectuate efficient and timely reporting to Board of Trustees and the Audit Committee of the Board		
Establish "best value" benchmarks for cost and service quality		
Review and revise, as necessary, the comprehensive risk management program to ensure an appropriate level of internal control	Legal Services	

Business Administration, Budget & Procurement
Plan Year 2007-2008

Objective	Partners	Project Status
Monitor and revise, as necessary, the Business Continuity Plan to ensure operational efficiency in the event of an emergency/disaster		
Evaluate and make recommendations to revise the role and responsibilities of the Safety Committee		
Evaluate and make recommendations for a building security plan to ensure the safety of employees and the public		
Continue to evaluate the facilities maintenance contract to ensure internal and external maintenance concerns are kept current		
Review and revise, as necessary, payroll and purchasing guidelines	Legal Services	
Maintain a payroll and payables process	HR, IT	
Review and revise, as necessary, the process for management and staff to effectuate efficient and timely reporting to Board of Trustees and the Audit Committee of the Board		
Establish "best value" benchmarks for cost and service quality		
Review and revise, as necessary, the comprehensive risk management program to ensure an appropriate level of internal control	Legal Services	

Pension Fund Accounting & Financial Reporting
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures		In progress
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	In progress
Develop a plan for reconciling the General Ledger and develop/revise documentation related to how PensionGold transfers information to the General Ledger, ensuring that all necessary information is being transferred		In progress
Define the role/responsibilities of the Member Accountants with respect to account reconciliation and finance	Member Benefits	Defer to FY 2007
Review and implement alternatives for "alternative investment" accounting transactions		Defer to FY 2007
Review cash management alternatives for accepting employer payments with a goal of increasing paperless/electronic	ERS	Defer to FY 2007
Determine feasibility of electronically filing 945 returns		Accomplished 2/06

Pension Fund Accounting & Financial Reporting
Plan Year 2006-2007

Objective	Partners	Project Status
Develop a strategy for increasing electronic reporting of information to Board of Trustees		
Review strategy for Comprehensive Annual Financial Report (CAFR) presentation in compliance with Government Accounting Standards Board (GASB) guidelines and dissemination of CAFR information		
Develop strategy for interim financial reporting to external entities		
Consider and review alternatives for legislation to give NHRS autonomy in procuring service provider for external audit		
Review alternatives for "alternative investment" accounting transactions		
Review cash management alternatives for accepting employer payments with a goal of increasing paperless/electronic	ERS	

Pension Fund Accounting & Financial Reporting
Plan Year 2007-2008

Objective	Partners	Project Status
Develop a strategy for increasing electronic reporting of information to Board of Trustees		
Review strategy for CAFR presentation and distribution		
Review alternatives for "alternative investment" accounting transactions		
Review cash management alternatives for accepting employer payments with a goal of increasing paperless/electronic	ERS	

Employer Reporting Services
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures		In progress/ongoing
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	In progress
Reduce number of prelist reporters		In progress/ongoing
Increase timeliness of employer reporting		In progress/ongoing
Increase accuracy of employer reporting to 85% accuracy	IT/ERS	In progress/ongoing
Resolve penalty (delinquent reporting/payment) issues	IT.	In progress/ongoing
Improve communications with employers and vendors by rewriting & redistributing user guides and other written materials, developing and implementing a comprehensive employer education plan, and reviewing and revising, as necessary, web site content	PIO/ERS	In progress
Evaluate alternatives/options for vendor software process improvement to enhance communication, workflow and processes within PensionGold, to review PensionGold security/access standards and to resolve PIR/SIR issues	IT/PIO/ERS	In progress/ongoing
Review process for handling non-line of business transactions	Pension Fund Account./Bus.Admin.	In progress/ongoing

Employer Reporting Services
Plan Year 2006-2007

Objective	Partners	Project Status
Continue to reduce number of prelist reporters		
Continue to increase timeliness of employer reporting		
Increase accuracy of reporting to 90%		
Continue to improve communications with employers and vendors by rewriting & redistributing user guides and other written materials, developing and implementing a comprehensive employer education plan, and reviewing and revising, as necessary, web site content	PIO/IT	
Continue to evaluate alternatives/options for vendor software process improvement to enhance communication, workflow and processes within PensionGold, to review PensionGold security/access standards and to resolve PIR/SIR issues	IT	

Employer Reporting Services
Plan Year 2007-2008

Objective	Partners	Project Status
Continue to reduce number of prelist reporters		
Continue to increase timeliness of employer reporting		
Increase accuracy of employer reporting to 95%		
Continue to improve communications with employers and vendors by rewriting & redistributing user guides and other written materials, developing and implementing a comprehensive employer education plan, and reviewing and revising, as necessary, web site content	PIO	
Continue to evaluate alternatives/options for vendor software process improvement to improve communication, workflow and processes within PensionGold, to review PensionGold security/access standards and to resolve PIR/SIR issues		

Information Technology

Information Technology (IT) plans, designs, implements and controls the technology infrastructure for the organization. IT operates, maintains and enhances the information technology environment to ensure teams' ability to perform their daily operational functions.

Information Technology
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures		In progress
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	In progress/ongoing
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress
Replace non-PG servers		In progress
Replace PCs		Accomplished 4/06
Plan and implement a secure method to submit Extensible Markup Language (XML) files	Bus. & Accounting	Accomplished 9/05
Review and revise, as necessary, the security for the network, servers, PC, etc		In progress
Review and revise, as necessary, the Disaster Recovery Plan and test the Disaster Recovery Plan	All Teams	In progress/ongoing
Develop a plan to implement an intranet	PIO	Deferred
Coordinate and manage PG functionality with other business units	All Teams	In progress/ongoing
Assist other business units with meeting their objectives based on their IT needs	All Teams	In progress/ongoing
Develop and implement an improved web site which will consolidate the two current web sites.	PIO	In progress

Information Technology
Plan Year 2006-2007

Objective	Partners	Project Status
Implement an intranet	All Teams	
Develop a plan for hardware replacement		
Continue to review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	
Continue to review and revise, as necessary, the security surrounding the network		
Continue to review and revise, as necessary, the Disaster Recovery Plan	All Teams	
Continue to coordinate and manage PG functionality with other business units	All Teams	
Continue to assist other business units with meeting their objectives based on their IT needs	All Teams	

Information Technology
Plan Year 2007-2008

Objective	Partners	Project Status
Continue to review and revise, as necessary, IT Policies, Guidelines and Procedures	Audit/Compliance, Executive Director	
Continue to review and revise, as necessary, the security surrounding the network		
Continue to review and revise, as necessary, the Disaster Recovery Plan	All Teams	
Continue to coordinate and manage PG functionality with other business units	All Teams	
Continue to assist other business units with meeting their objectives based on their IT needs	All Teams	

Human Resources

Human Resources (HR) promotes an effective and productive workforce to successfully achieve NHRS business objectives by assisting with strategic organizational development. HR implements fair and sound employment practices; recruits, retains, and develops qualified staff for professional roles appropriate to their skills, training, and experience; and fosters a progressive workplace environment, which encourages continuous learning, constructive challenges, creativity, collaborative problem-solving, team ethic, and mission-driven philosophy.

Human Resources
Plan Year 2005-2006

Objective	Partners	Project Status
Assist all teams in the review, streamlining and documentation of work processes and procedures	All Teams	In progress/ongoing
Develop workforce plan designed to support NHRS strategic objectives to include needs assessment, effective deployment of current resources, cross training and succession planning	All Teams	Accomplished Phase I (Jan 06-June 06); Phase II in progress – August 2006
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	In progress/ongoing
Assist in the research and implementation of a new payroll/HR computer application system independent of the State's GHRS system	Bus. & Accounting, IT	In progress – 1/07
Fully develop NHRS-specific job valuation system, including training of identified NHRS staff on system and new methodology		Accomplished – PAC formed & trained, 11/05
Successfully negotiate Collective Bargaining Agreement with Union		Accomplished 2/14/06
Develop a new NHRS compensation structure in line with recommendations from HayGroup, Inc, and consistent with negotiated collective bargaining agreement		In progress – Spring 2007
Begin to develop and implement high priority NHRS-specific HR/payroll policies and protocols	Executive Director, Audit/Compliance	Incorporated into above objective
Identify all employment compliance standards and associated reporting requirements applicable to NHRS as an independent public employer, and make appropriate recommendations for implementation	Bus. & Accounting	In progress/7/06
Create individualized professional development plans for all staff (PDPs) and related performance evaluations which reflect strategies to achieve individual, departmental and agency-wide performance goals, and revise position job titles and job descriptions where appropriate and recommended	All Teams	Accomplished management phase 6/30/06; Phase II in progress – 12/31/06
Continue to assist in the development of formal policies and protocols for the Personnel Performance and Compensation Committee (PPCC) of the Board of Trustees		In progress/ongoing
Identify and begin to track HR-related statistics and quality indicators		In progress/ongoing

Human Resources
Plan Year 2006-2007

Objective	Partners	Project Status
Implement NHRS-specific job valuation system		
Implement new NHRS compensation structure in line with recommendations from HayGroup, Inc, and consistent with negotiated collective bargaining agreement		
Continue to develop and implement NHRS-specific HR/payroll policies and protocols	Audit/Compliance, Executive Director	
Update and monitor individualized professional development plans for all staff (PDPs), and related performance evaluations which reflect strategies to achieve individual, departmental, and agency-wide performance goals		
Continue with implementation of appropriate components of workforce plan including hiring/training/realignment of resources	All Teams	
Develop a comprehensive, multi-tiered staff education and professional development program		
Implement monitoring of all employment compliance standards and associated reporting requirements applicable to NHRS as an independent public employer, including reporting requirements		
Continue to track HR-related statistics and quality indicators, analyze and report results, and recommend any appropriate responsive action		

Human Resources Plan Year 2007-2008		
Objective	**Partners**	**Project Status**
Continue to develop and implement NHRS-specific HR/payroll policies and protocols	Audit/Compliance, Executive Director	
Update and monitor individualized professional development plans for all staff (PDPs), and related performance evaluations which reflect strategies to achieve individual, departmental, and agency-wide performance goals		
Continue implementation of appropriate components of workforce plan, including hiring/training/realignment of resources	All Teams	
Implement the comprehensive, multi-tiered staff education and professional development program		
Assist functional areas in the continuous assessment and improvement of workflow processes	All Teams	
Develop budget and solid funding source for ongoing staff recognition and motivational cost items	Bus. & Accounting	
Develop and implement a comprehensive new employee orientation program (on-boarding)		
Continue to track HR-related statistics and quality indicators, analyze and report results, and recommend any appropriate responsive action		

Legal & Compliance

The Legal & Compliance Team reviews NHRS policies and processes.

Legal Services provides a broad range of legal and compliance advice to the Board of Trustees, Executive Director and agency personnel; coordinates external legal services; assists with the legislative process; and manages Qualified Domestic Relations Order (QDRO) and hearings processes.

Internal Audit & Compliance provides independent objective assurance and consulting services designed to add value and improve efficiency of NHRS core businesses. Audit & Compliance assists the organization in accomplishing its objectives by practicing a systematic, disciplined approach in evaluating risk and recommending sound internal controls for effective risk management, sound policies & procedures, and good governance process.

Legal Services
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures		
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	In progress/ongoing
Advise and assist management and staff with the implementation of the strategic objectives, as requested	All Teams	In progress/ongoing
Assist in the drafting, editing and implementation of statutes and administrative regulations	Audit, Member Services, PIO	In progress/ongoing
Assist management with the implementation of the NHRS Collective Bargaining Agreement		In progress
Provide legal research, review and opinion to the Board of Trustees, management, and staff, as requested		In progress/ongoing
Assist with new-Trustee orientation	Executive Director	Deferred
Represent and/or coordinate legal representation on behalf of the NHRS in adjudicative proceedings		In progress/ongoing
Assist in the review and implementation of any recommendations made by the NHRS Internal Auditor, external consultants and/or service providers	Audit, Investments	To initiate 1/06
Develop a central NHRS repository for policies and procedures	Audit, IT, PIO	In progress/ongoing
Analyze administrative functionality of the NHRS disability and QDRO operations	Member Services	In progress/ongoing

Legal Services
Plan Year 2006-2007

Objective	Partners	Project Status
Continue to assist in the drafting, editing and implementation of statutes and administrative regulations	Executive Director	
Continue to advise and assist management and staff with the implementation of the strategic objectives, as requested	All Teams	
Provide legal research, review and opinion to the Board of Trustees, management and staff, as requested		
Continue to assist with new-Trustee orientation	Executive Director	
Continue to represent and/or coordinate legal representation on behalf of the NHRS in adjudicative proceedings		
Continue to assist in the review and implementation of any recommendations made by the NHRS Internal Auditor, external consultants and/or service providers	Audit, Investments	
Implement functional expectations for the NHRS disability and QDRO operations	Members Services	

Legal Services
Plan Year 2007-2008

Objective	Partners	Project Status
Continue to assist in the drafting, editing and implementation of statutes and administrative regulations	Executive Director	
Continue to advise and assist management and staff with the implementation of the strategic objectives, as requested	All Teams	
Continue to provide legal research, review and opinion to the Board of Trustees, management and staff, as requested		
Continue to assist with new-Trustee orientation	Executive Director	
Continue to represent and/or coordinate legal representation on behalf of the NHRS in adjudicative proceedings		
Continue to assist in the review and implementation of any recommendations made by the NHRS Internal Auditor, external consultants and/or service providers	Audit, Investments	
Continue to implement functional expectations for the NHRS disability and QDRO operations	Member Services	

Audit & Compliance
Plan Year 2005-2006

Objective	Partners	Project Status
Review, streamline and document work processes and procedures		To initiate
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning		To initiate
Review and revise, as necessary, policies, guidelines and procedures	All Teams	To initiate
Hire Internal Auditor	Executive Director, HR, Legal Services	Accomplished 8/05
Establish and develop the scope, mission and plan for internal audit function		In Progress
Conduct risk management assessment	Legal Services	To initiate
Conduct, tabulate and assess compliance with the Code of Ethics and Political Contribution Policy		In Progress/Ongoing
Coordinate comprehensive fiduciary audit	Investments	To initiate
Coordinate internal audit polices and procedures	Legal Services	In Progress/Ongoing

Audit & Compliance
Plan Year 2006-2007

Objective	Partners	Project Status
Prioritize and implement FY 2006 strategic goals		
Develop and monitor internal controls procedures designed to manage risk and make recommendations for improvements		

Audit & Compliance
Plan Year 2007-2008

Objective	Partners	Project Status
Continue to implement FY 2006 and FY 2007 goals		

Public Information

The Public Information Office (PIO) develops and implements proactive, internal and external communications initiatives by creating and disseminating publications; maintaining an up-to-date web site; conducting educational outreach through workshops, seminars and benefits fairs; collaborating with internal and external entities to maximize information dissemination; assisting with the legislative process; and responding to member, retiree, employer, public and media inquiries.
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Public Information
Plan Year 2005-2006

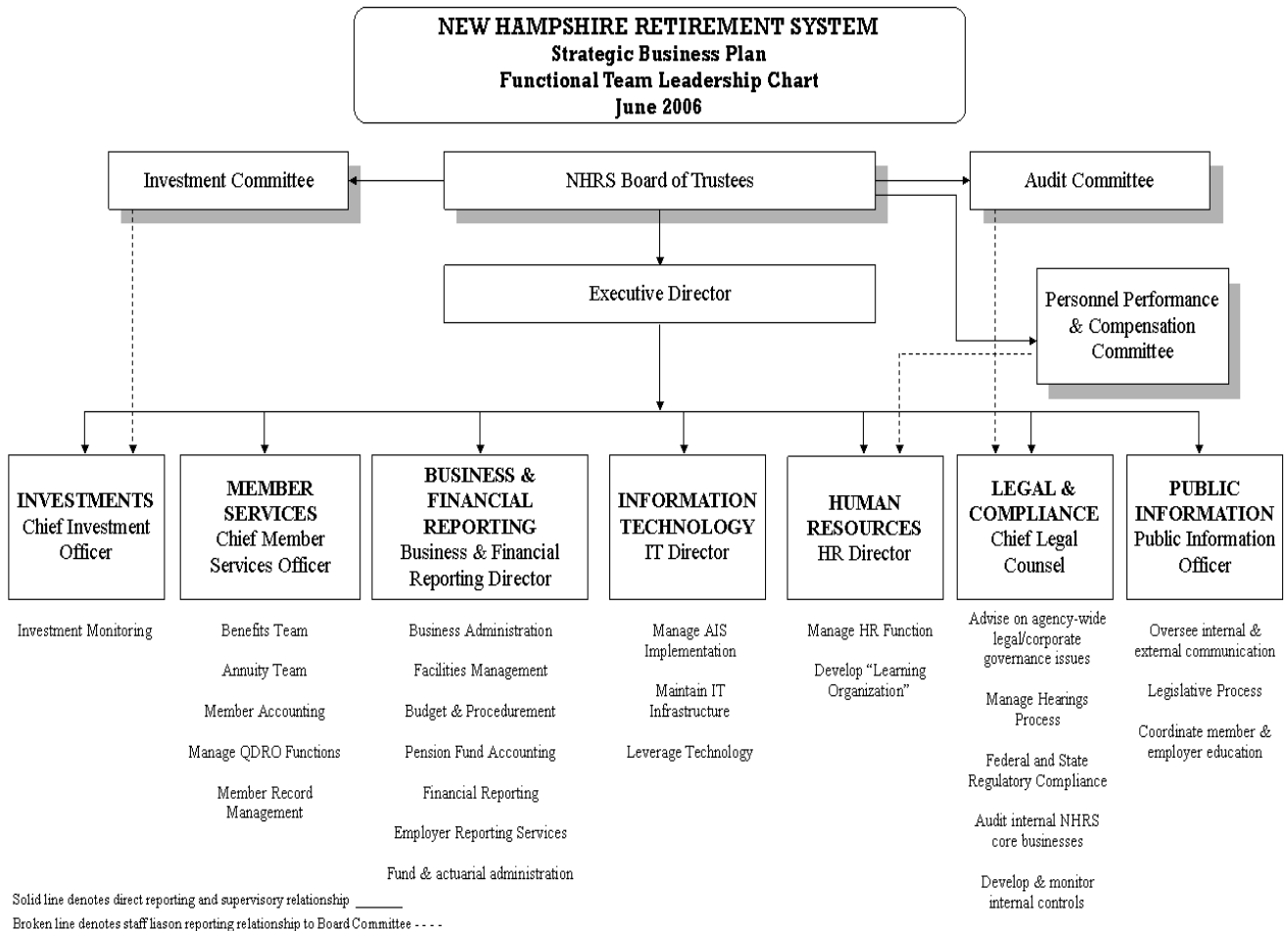| Objective	Partners	Project Status
Review, streamline and document work processes and procedures		In progress
Develop workforce plan to include needs assessment, effective deployment of current resources, cross-training and succession planning	HR	In progress
Review and revise, as necessary, policies, guidelines and procedures	Audit/Compliance, Executive Director	To initiate 7/06
Coordinate the creation of an NHRS logo		Completed 4/06
Develop and implement an internal and external communications plan to include a media relations policy and to be based on the information needs of an increased retirement-eligible population		To initiate 7/06
Initiate development of accepted quality standards and response times for member contact based on data gathered from an effective measurement tool and member feedback	Member Services	In progress
Collaborate with other teams to establish an effective and consistent contact and response system for constituents to include development of education and training programs for employers, members and retirees; orientation sessions for other various stakeholders; and communication initiatives in partnership with other entities to maximize NHRS' education and information outreach	All Teams	In progress/ongoing
Develop and implement an improved web site which will consolidate the two current web sites	IT	In progress
Coordinate the planning for a comprehensive call center	Bus. & Accounting, Member Services, IT	In progress
Develop and disseminate a standardized glossary of NHRS terminology	All Teams	Deferred 7/08
Initiate a review of all NHRS publications and external forms; revise as needed	All Teams	In progress/ongoing
Assist with legislative process, as appropriate	Executive Director	In progress
Assist with plan to expand hours of operation	Bus. & Accounting, Members Services	In progress
Coordinate a team to redesign member statements	IT, Member Services	Accomplished 12/05
Test a pilot program for member web access	IT	Deferred Fall 2006

Public Information
Plan Year 2006-2007

Objective	Partners	Project Status
Fully implement member web access	IT	
Continue to collaborate with other teams to implement an effective and consistent contact and response system for constituents to include development of education and training programs for employers, members and retirees; orientation sessions for other various stakeholders; and communication initiatives in partnership with other entities to maximize NHRS' education and information outreach	All Teams	
Implement recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups and adopt accepted quality standards and response times for member contact	Member Services	
Implement call center plan	Bus. & Accounting, Member Services, IT	
Update publications and external forms, as needed	All Teams	
Identify and respond to operational impact of legislative initiatives	Executive Director, Legal Services	

Public Information
Plan Year 2007-2008

Objective	Partners	Project Status
Continue to assess, refine and deliver: 1. Employer education 2. Member and retiree education 3. Quality publications, workshops, and presentations 4. Internal and external communications 5. Call center services 6. An up-to-date, user-friendly web site	All Teams	
Continue to implement recommendations derived from the effective measurement tool to achieve median comparison with respect to peer groups, and adopt accepted quality standards and response times for member contact	Member Services	
Create a NHRS resource library	All Teams	

Addendum 1 – Team Leadership Chart

NEW HAMPSHIRE RETIREMENT SYSTEM
Strategic Business Plan
Functional Team Leadership Chart
June 2006

| Investment Committee | NHRS Board of Trustees | Audit Committee |

Executive Director

Personnel Performance & Compensation Committee

INVESTMENTS Chief Investment Officer	MEMBER SERVICES Chief Member Services Officer	BUSINESS & FINANCIAL REPORTING Business & Financial Reporting Director	INFORMATION TECHNOLOGY IT Director	HUMAN RESOURCES HR Director	LEGAL & COMPLIANCE Chief Legal Counsel	PUBLIC INFORMATION Public Information Officer
Investment Monitoring	Benefits Team	Business Administration	Manage AIS Implementation	Manage HR Function	Advise on agency-wide legal/corporate governance issues	Oversee internal & external communication
	Annuity Team	Facilities Management	Maintain IT Infrastructure	Develop "Learning Organization"	Manage Hearings Process	Legislative Process
	Member Accounting	Budget & Procedurement	Leverage Technology		Federal and State Regulatory Compliance	Coordinate member & employer education
	Manage QDRO Functions	Pension Fund Accounting			Audit internal NHRS core businesses	
	Member Record Management	Financial Reporting			Develop & monitor internal controls	
		Employer Reporting Services				
		Fund & actuarial administration				

Solid line denotes direct reporting and supervisory relationship _____
Broken line denotes staff liason reporting relationship to Board Committee - - - -

Addendum 2 – Explanation of Acronyms & Terms

CAFR	Comprehensive Annual Financial Report
COLA	Cost-of-Living Adjustment
COSO/GARP Standards	Committee of Sponsoring Organizations of the Treadway Commission/Generally Accepted Risk Principles Standards
ERS	Employer Reporting Services
GASB	Government Accounting Standards Board
GHRS System	Government Human Resource System
HB181	House Bill that establishes a committee to study the NHRS Special Account
HR	Human Resources
IT	Information Technology
LGC	Local Government Center
NHMA	New Hampshire Municipal Association
On-boarding	New Employee Orientation Program
PCs	Personal Computer
PDP	Professional Development Plan
PG	PensionGold
PIO	Public Information Office
PIRS/SIRS	Parallel Incident Report/Support Incident Report
PPCC	Personnel Performance and Compensation Committee
QDRO	Qualified Domestic Relations Order
RFP	Request for Proposal
XML files	Extensible Markup Language